

PRESIDENT TAFT'S FIRST MESSAGE TO CONGRESS.

ECONOMY OF GOVERNMENT MOST IMPORTANT ISSUE.

A DEFICIT OF \$73,075,600---

APPROPRIATIONS DECREASED BY \$50,000,000

AMERICANS EXECUTED WERE PRISONERS OF WAR

Monroe Doctrine Not for the Lawless—Second Class Mail Matter Carried at a Loss of Eight Cents a Pound—An Increase in Rate Recommended—Against Injunctions without Previous Notice—The Increase in Cost of Living Not Confined to this Country, but Prevails the World Over.

To the Senate and the House of Representatives:

The relations of the United States with all foreign governments have continued upon the normal basis of amity and good understanding and are very generally satisfactory.

Europe.

Pursuant to the provisions of the general treaty of arbitration concluded between the United States and Great Britain, April 4, 1908, a special agreement was entered into between the two countries on Jan. 27, 1909, for the submission of questions relating to the fisheries on the north Atlantic coast to a tribunal to be formed from members of the permanent court of arbitration at The Hague.

In accordance with the provisions of the special agreement the printed case of each government was, on Oct. 5 last, submitted to the other and to the arbitral tribunal at The Hague, and the counter case of the United States is now in course of preparation.

The American rights under the fisheries article of the treaty of 1818 have been a cause of difference between the United States and Great Britain for nearly seventy years. The interests involved are of great importance to the American fishing industry, and the final settlement of the controversy will remove a source of constant irritation and complaint. This is the first case involving such great international questions which has been submitted to the permanent court of arbitration at The Hague.

The treaty between the United States and Great Britain concerning the Canadian international boundary, concluded April 11, 1908, authorized the appointment of two commissioners to define and mark accurately the international boundary line between the United States and the Dominion of Canada in the waters of the Passamaquoddy bay and provides for the exchange of briefs within the period of six months. The briefs were duly presented within the prescribed period, but as the commissioners failed to agree within six months after the exchange of the printed statements, as required by the treaty, it has now become necessary to resort to the arbitration provided for in the article.

The international fisheries commission appointed pursuant to and under the authority of the convention of April 11, 1908, between the United States and Great Britain has completed a system of uniform and common international regulations for the protection and preservation of the food fishes in international boundary waters of the United States and Canada.

The regulations will be duly submitted to congress with a view to the enactment of such legislation as will be necessary under the convention to put them into operation.

The convention providing for the settlement of international differences between the United States and Canada, including the apportionment between the two countries of certain of the boundary waters and the appointment of commissioners to adjust certain other questions, signed on the 11th day of January, 1909, and to the ratification of which the senate gave its advice and consent on March 5, 1909, has not yet been ratified on the part of Great Britain.

Commissioners have been appointed on the part of the United States to act jointly with commissioners on the part of Canada in examining into the question of obstructions in the St. John river between Maine and New Brunswick and to make recommendations for the regulation of the uses thereof and are now engaged in this work.

Protecting the Seals.

Negotiations for an international conference to consider and reach an arrangement providing for the preservation and protection of the fur seals in the north Pacific are in progress with the governments of Great Britain, Japan and Russia. The attitude of the governments interested leads me to hope for a satisfactory settlement of this question as the ultimate outcome of the negotiations.

The second peace conference recently held at The Hague adopted a convention for the establishment of an international prize court upon the joint proposal of delegations of the United States, France, Germany and Great Britain. The law to be observed by the tribunal in the decision of prize cases was, however, left in an uncertain and therefore unsatisfactory state. Article 7 of the convention provided that the court was to be governed by the provisions of treaties existing between the belligerents, but that "in the absence of such provisions the court shall apply the rules of international law. If no generally recognized rule exists the court shall give judgment in accordance with the principles of justice and equity."

As, however, many questions in international maritime law are understood differently and therefore interpreted differently in various countries, it was deemed advisable not to trust legislative powers to the proposed court, but to determine the rules of law properly applicable in a conference of the representative maritime nations. Pursuant to an invitation of Great Britain a conference was held at London from Dec. 2, 1908, to Feb. 26, 1909, in which the following powers participated: The United States, Austria-Hungary, France, Germany, Great Britain, Italy, Japan, the Netherlands, Russia and Spain. The conference resulted in the declaration of London, unanimously agreed to and signed by the participating powers, concerning, among other matters, the highly important subjects of blockade, contraband, the destruction of neutral prizes and continuous voyages.

The declaration of London is an eminently satisfactory codification of the international maritime law, and it is hoped that its ratification and fairness will secure its general adoption, as well as remove one of the difficulties standing in the way of the establishment of an international prize court.

Under the authority given in the sundry civil appropriation act, approved March 4, 1909, the United States was represented at the international conference on maritime law at Brussels. The conference met on the 28th of September last and resulted in the signature and referendum of a convention for the unification of certain regulations with regard to maritime assistance and salvage and a convention for the unification of certain rules with regard to collisions at sea.

Two new projects of conventions which have not heretofore been considered in a diplomatic conference—namely, one concerning the limitation of the responsibility of shipowners and the other concerning marine mortgages and privileges—have been submitted by the conference to the different governments.

The conference adjourned to meet again on April 11, 1910.

The international conference for the purpose of promoting uniform legislation concerning letters of exchange, which was called by the government of the Netherlands to meet at The Hague in September, 1909, has been postponed to meet at that capital in June, 1910. The United States will be appropriately represented in this conference under the provision therefor already made by congress.

The cordial invitation of Belgium to be represented by a fitting display of American progress in the useful arts and inventions at the world's fair to be held at Brussels in 1910 remains to be acted upon by the congress. Mindful of the advantages to accrue to our artisans and producers in competition with their continental rivals, I renew the recommendation heretofore made that provision be made for acceptance of the invitation and adequate representation in the exposition.

REFORMS IN THE KONGO.

Attitude of the United States One of Benevolent Encouragement.

The question arising out of the Belgian annexation of the Independent State of the Kongo, which has so long and earnestly preoccupied the attention of this government and enlisted the sympathy of our best citizens, is still open, but in a more hopeful stage. This government was among the foremost in the great work of uplifting the uncivilized regions of Africa and urging the extension of the benefits of civilization, education and fruitful open commerce to that vast domain and is a party to treaty engagements of all the interested powers designed to carry out that great duty to humanity. The way to better the original and adventurous conditions, so burdensome to the natives and so destructive to their development, has been pointed out, by observation and experience, not alone of American representatives, but by cumulative investigations from all quarters and by the announced programs of reforms, striking at many of the evils known to exist, are an augury of better things. The attitude of the United States is one of benevolent encouragement, coupled with a hopeful trust that the good work, responsibly undertaken and zealously perfected to the accomplishment of the results so ardently desired, will soon justify the wisdom that inspires them and satisfy the demands of humane sentiment throughout the world.

German Patents.

A convention between the United States and Germany, under which the nonworking provisions of the German patent law are made inapplicable to the patents of American citizens, was concluded on Feb. 23, 1909, and is now in force. Negotiations for similar conventions looking to the placing of American inventors on the same footing as nationals have recently been initiated with other European governments whose laws require the local working of foreign patents.

Under an appropriation made at the last session of the congress a commission was sent on American cruisers to Monrovia to investigate the interests of the United States and its citizens in Liberia. Upon its arrival at Monrovia the commission was enthusiastically received and during its stay in Liberia was everywhere met with the heartiest expressions of good will for the American government and people, and the hope was repeatedly expressed on all sides that this government might see its way clear to do something to relieve the critical position of the republic arising in a measure from external as well as internal and financial embarrassments.

The Liberian government afforded every facility to the commission for ascertaining the true state of affairs. The commission also had conferences with representative citizens, interested foreigners and the representatives of foreign governments in Monrovia. Visits were made to various parts of the republic and to the neighboring British colony of Sierra Leone, where the commission was received by and conferred with the governor.

Helping Liberia.

It will be remembered that the interest of the United States in the republic of Liberia springs from the historical fact of the foundation of the republic by the colonization of American citizens of the African race. In an early treaty with Liberia there is a provision under which the United States may be called upon for advice or assistance. Pursuant to this provision and in the spirit of the moral relationship of the United States to Liberia that republic last year asked this government to lend assistance in the solution of certain of their national problems, and hence the commission was sent.

The report of our commissioners has just been completed and is now under examination by the department of state. It is hoped that there may result some helpful measures, in which case it may be my duty again to invite your attention to this subject.

The Norwegian government, by a note addressed on Jan. 26, 1909, to the department of state, conveyed an invitation to the government of the United States to take part in a conference which it is understood will be held in February or March, 1910, for the purpose of devising means to remedy existing conditions in the Spitzbergen islands.

This invitation was conveyed under the reservation that the question of altering the status of the islands as countries belonging to no particular state and as equally open to the citizens and subjects of all states should not be raised.

The European powers invited to this conference by the government of Norway were Belgium, Denmark, France, Germany, Great Britain, Russia, Sweden and the Netherlands.

The department of state, in view of the fact that in 1906, showing the American possession, occupation and working of certain coal bearing lands in Spitzbergen, accepted the invitation under the reservation above stated and under the further reservation that all interests in those islands already vested should be protected and that there should be equality of opportunity for the future. It was further pointed out that membership in the conference on the part of the United States was qualified by the consideration that this government would not become a signatory to any conventional arrangement concluded by the European members of the conference which would imply contributory participation by the United States in any obligation or responsibility for the enforcement of any scheme of administration which might be devised by the conference for the islands.

The Near East.

His majesty Mehmed V., sultan of Turkey, recently sent to this country a special embassy to announce his accession. The quick transition of the government of the Ottoman empire from one of retrograde tendencies to a constitutional government with a parliament and with progressive modern policies of reform and public improvement is one of the important phenomena of our times. Constitutional government seems also to have made further advance in Persia. These events have turned the eyes of the world upon the near east. In that quarter the prestige of the United States has spread widely through the peaceful influence of American schools, universities and missionaries. There is every reason why we should obtain a greater share of the commerce of the near east since the conditions are more favorable now than ever before.

Latin America.

One of the happiest events in recent pan-American diplomacy was the pacific, independent settlement by the governments of Bolivia and Peru of a boundary difference between them, which for some weeks threatened to cause war and even to entrain bitter hostilities affecting other republics less directly concerned. From various quarters, directly or indirectly concerned, the intermediation of the United States was sought to assist in a solution of the controversy. Desiring at all times to abstain from any undue mingling in the affairs of sister republics and having faith in the ability of the governments of Peru and Bolivia themselves to settle their difference in a manner satisfactory to themselves which, viewed with magnanimity, would assuage all bitterness, this government steadily abstained from being drawn into the controversy and was much gratified to find its confidence justified by events.

On the 9th of July next there will open at Buenos Aires the fourth pan-American conference. This conference will have a special meaning to the hearts of all Americans because around its date are clustered the anniversaries of the independence of so many of the American republics. It is not necessary for me to remind the congress of the political, social and commercial importance of these gatherings. You are asked to make liberal appropriation for our participation. If this be granted it is my purpose to appoint a distinguished and representative delegation qualified fittingly to represent this country and to deal with the problems which will there be discussed.

The Argentine Republic will also hold from May to November, 1910, at Buenos Aires a great international agricultural exhibition, in which the United States has been invited to participate. Considering the rapid growth of the trade of the United States with the Argentine Republic and the cordial relations existing between the two nations, together with the fact that it provides an opportunity to show deference to a sister republic on the occasion of the celebration of its national independence, the proper departments of this government are taking steps to apprise the interests concerned of the opportunity afforded by this exhibition, in which appropriate participation by this country is so desirable. The designation of an official representative is also receiving consideration.

PAN-AMERICAN POLICY.

Monroe Doctrine Not For Perpetuation of Irresponsible Government.

Today more than ever before American capital is seeking investment in foreign countries, and American products are more and more generally seeking foreign markets. As a consequence in all countries there are American citizens and American interests to be protected on occasion by their government. These movements of men, of capital and of commodities bring peoples and governments closer together and so form bonds of peace and mutual dependency, as they must also naturally sometimes make passing points of friction. The resultant situation inevitably imposes upon this government vastly increased responsibilities. This administration, through the department of state and the foreign service, is lending all proper support to legitimate and beneficial American enterprises in foreign countries, the degree of such support being measured by the national advantages to be expected. A citizen himself cannot by contract or otherwise divest himself of the right, nor can this government escape the obligation, of its protection in his personal and property rights when these are unjustly infringed in a foreign country. To avoid ceaseless vexations it is proper that in considering whether American enterprise should be encouraged or supported in a particular country the government should "weigh full weight not only to the nation as opposed to the individual benefits to accrue, but also to the fact whether or not the government of the country in question is in its administration and in its diplomacy faithful to the principles of moderation, equity and justice upon which alone depends international credit in diplomacy as well as in finance.

The pan-American policy of this government has long been fixed in its principles and remains unchanged. With the changed circumstances of the United States and of the republics to the south of us, most of which have great natural resources, stable government and progressive ideals, the apprehension which gave rise to the Monroe doctrine may be said to have nearly disappeared, and neither the doctrine as it exists nor any other doctrine of American policy should be permitted to operate for the perpetuation of irresponsible government, the escape of just obligations or the insidious allegation of dominating ambitions on the part of the United States.

Beside the fundamental doctrines of our pan-American policy there have grown up a realization of political interests, community of institutions and ideals and a flourishing commerce. All these bonds will be greatly strengthened as time goes on and increased facilities, such as the great bank soon to be established in Latin America, supply the means for building up the colossal intercontinental commerce of the future.

My meeting with President Diaz and the greeting exchanged on both American and Mexican soil served, I hope, to signalize the close and cordial relations which so well bind together this republic and the great republic immediately to the south, between which there is so vast a network of material interests.

I am happy to say that all but one of the cases which for so long vexed our relations with Venezuela have been settled within the past few months and that, under the enlightened regime now directing the government of Venezuela, provision has been made for arbitration of the remaining case before The Hague tribunal.

On July 30, 1909, the government of

Panama agreed, after considerable negotiation, to indemnify the relatives of the American officers and sailors who were brutally treated, one of them having, indeed, been killed, by the Panamanian police this year.

The sincere desire of the government of Panama to do away with a situation where such an accident could occur is manifest in the recent request in compliance with which this government has lent the services of an officer of the army to be employed by the government of Panama as instructor of police.

The sanitary improvements and public works undertaken in Cuba prior to the present administration of that government, in the success of which the United States is interested under the treaty, are reported to be making good progress, and since the congress provided for the continuance of the reciprocal commercial arrangement between Cuba and the United States assurance has been received that no negotiations injuriously affecting the situation will be undertaken without consultation.

The collection of the customs of the Dominican Republic through the general receiver of customs appointed by the president of the United States in accordance with the convention of Feb. 8, 1907, has proceeded in an uneventful and satisfactory manner. The customs receipts have decreased owing to disturbed political and economic conditions and to a very natural curtailment of imports in view of the anticipated revision of the Dominican tariff schedule. The payments to the fiscal agency fund for the service of the bonded debt of the republic, as provided by the convention, have been regularly and promptly made, and satisfactory progress has been made in carrying out the provisions of the convention looking toward the completion of the adjustment of the debt and the acquisition by the Dominican government of certain concessions and monopolies which have been a burden to the commerce of the country. In short, the receivership has demonstrated its ability, even under unfavorable economic and political conditions, to do the work for which it was intended.

This government was obliged to intervene diplomatically to bring about arbitration or settlement of the claim of the Emery company against Nicaragua, which it had long before been agreed should be arbitrated. A settlement of this troublesome case was reached by the signature of a protocol on Sept. 18, 1909.

Claim Against Chile.

Many years ago diplomatic intervention became necessary to the protection of the interests in the American claim of Alsop & Co. against the government of Chile. The government of Chile had frequently admitted obligation in the case and had promised this government to settle it. There had been two abortive attempts to do so through arbitral commissions, which failed through lack of jurisdiction. Now, happily, as the result of the recent diplomatic negotiations, the governments of the United States and of Chile, actuated by the sincere desire to free from any strain those cordial and friendly relations upon which both set such store, have agreed by a protocol to submit the controversy to definitive settlement by his Britannic majesty Edward VII.

ZELAYA GOVERNMENT SCORED.

Slain Americans Should Have Been Dealt With as Prisoners of War.

Since the Washington conventions of 1907 were communicated to the government of the United States as a consulting and advising party this government has been almost continuously called upon by one or another and turned by all of the five Central American republics to exert itself for the maintenance of the conventions. Nearly every complaint has been against the Zelaya government of Nicaragua, which has kept Central America in constant tension or turmoil. The responses made to the representations of Central American republics as due from the United States on account of its relation to the Washington conventions have been at all times conservative and have avoided, so far as possible, any semblance of interference, although it is very apparent that the considerations of geographic proximity to the canal zone and of the very substantial American interests in Central America give to the United States a special position in the zone of these republics and the Caribbean sea.

I need not rehearse here the patient efforts of this government to promote peace and welfare among these republics, efforts which are fully appreciated by the majority of them who are loyal to their true interests. It would be no less unnecessary to rehearse here the sad tale of unspeakable barbarities and oppression alleged to have been committed by the Zelaya government. Recently two Americans were put to death by order of President Zelaya himself. They were officers in the organized forces of a revolution which had continued many weeks and was in control of about half of the republic, and as such, according to the modern enlightened practice of civilized nations, they were entitled to be dealt with as prisoners of war.

At the date when this message is printed this government has terminated diplomatic relations with the Zelaya government for reasons made public in a communication to the former Nicaraguan charge d'affaires and is intending to take such future steps as may be found most consistent with its dignity, its duty to American interests and its moral obligations to Central America and to civilization. It may later be necessary for me to bring this subject to the attention of the congress in a special message.

Bureau of American Republics.

The international bureau of American republics has carried on an important and increasing work during the last year. In the exercise of its peculiar functions as an international agency, maintained by all the American republics for the development of pan-

American commerce and friendship, it has accomplished a great practical good which could be done in the same way by no individual department or bureau of one government and is therefore deserving of your liberal support. The fact that it is about to enter a new building, erected through the munificence of an American philanthropist and the contributions of all the American nations, where both its efficiency of administration and expense of maintenance will naturally be much augmented, further entitles it to special consideration.

OPEN DOOR IN CHINA.

United States Insisting on Equality of Opportunity For All Nations.

In the far east this government preserves unchanged its policy of supporting the principle of equality of opportunity and scrupulous respect for the integrity of the Chinese empire, to which policy are pledged the interested powers of both east and west.

By the treaty of 1903 China has undertaken the abolition of *likin* with a moderate and proportionate raising of the customs tariff along with currency reform. These reforms being of manifest advantage to foreign commerce as well as to the interests of China, this government is endeavoring to facilitate these measures and the needful acquiescence of the treaty powers. When it appeared that Chinese *likin* revenues were to be hypothecated to foreign bankers in connection with a great railway project it was obvious that the governments whose nationals held this loan would have a certain direct interest in the question of the carrying out by China of the reforms in question. Because this railroad loan represented a practical and real application of the open door policy through co-operation with China by interested powers, as well as because of its relations to the reforms referred to above, the administration deemed American participation to be of great national interest. Happily, when it was as a matter of broad policy urgent that this opportunity should not be lost, the indispensable instrumentality presented itself when a group of American bankers of international reputation and great resources agreed at once to share in the loan upon precisely such terms as this government should approve. The chief of those terms was that American railway material should be upon an exact equality with that of the other nationalities joining in the loan in the placing of orders for this whole railroad system. After months of negotiation the equal participation of Americans seems at last assured. It is gratifying that Americans will thus take their share in this extension of these great highways of trade and to believe that such activities will give a real impetus to our commerce and will prove a practical corollary to our historic policy in the far east.

The imperial Chinese government in pursuance of its decision to devote funds from the portion of the indemnity remitted by the United States to the sending of students to this country has already completed arrangements for carrying out this purpose, and a considerable body of students have arrived to take up their work in our schools and universities. No one can doubt the happy effect that the associations formed by these representative young men will have when they return to take up their work in the progressive development of their country.

The results of the opium conference held at Shanghai last spring at the invitation of the United States have been laid before the government. The report shows that China is making remarkable progress and admirable efforts toward the eradication of the opium evil and that the governments concerned have not allowed their commercial interests to interfere with a helpful co-operation in this reform. Collateral investigations of the opium question in this country lead me to recommend that the manufacture, sale and use of opium and its derivatives in the United States should be so far as possible more vigorously controlled by legislation.

In one of the Chinese-Japanese conventions of Sept. 4 of this year there was a provision which caused considerable public apprehension in that upon its face it was believed in some quarters to seek to establish a monopoly of mining privileges along the South Manchurian and Antung-Mukden railroads and thus to exclude Americans from a wide field of enterprise, to take part in which they were by treaty with China entitled. After a thorough examination of the conventions and of the several contextual documents the secretary of state reached the conclusion that no such monopoly was intended or accomplished. However, in view of the widespread discussion of this question, to confirm the view it had reached this government made inquiry of the imperial Chinese and Japanese governments and received from each official assurance that the provision had no purpose inconsistent with the policy of equality of opportunity to which the signatories, in common with the United States, are pledged.

Relations With Japan.

Our traditional relations with the Japanese empire continue cordial, as usual. As the representative of Japan his imperial highness Prince Kuni visited the Hudson-Fulton celebration. The recent visit of a delegation of prominent business men as guests of the chambers of commerce of the Pacific slope, whose representatives had been so agreeably received in Japan, will doubtless contribute to the growing trade across the Pacific, as well as to that mutual understanding which leads to mutual appreciation. The arrangement of 1908 for a co-operative control of the coming of laborers to the United States has proved to work satisfactorily. The matter of a revision of the existing treaty between the United States and Japan which is terminable in 1912 is already receiving the study of both countries. The department of state is considering the revision in whole or in part of the existing treaty with Siam, which was concluded in 1896 and is now, in respect to many of its provisions, out of date.

The Department of State.

I earnestly recommend to the favorable action of the congress the estimates submitted by the department of state and most especially the legislative suggestions in the secretary of state's letter of this date whereby it will be possible to develop and make permanent the reorganization of the department upon modern lines in a manner to make it a thoroughly efficient instrument in the furtherance of our foreign trade and of American interests abroad. The plan to have divisions of Latin American and far eastern affairs and to institute a certain specialization in business with Europe and the near east will at once commend itself. These politico-geographical divisions and the detail from the diplomatic or consular service to the department of a number of men who bring to the study of complicated problems in different parts of the world practical knowledge recently gained on the spot clearly is of the greatest advantage to the secretary of state in foreseeing conditions likely to arise and in conducting the great variety of correspondence and negotiation. It should be remembered that such facilities exist in the foreign offices of all the leading commercial nations and that to deny them to the secretary of state would be to place this government at a great disadvantage in the rivalry of commercial competition.

Improved Consular Service.

The consular service has been greatly improved under the law of April 4, 1906, and the executive order of June 27, 1906, and I commend to your consideration the question of embodying in a statute the principles of the present executive order upon which the efficiency of our consular service is wholly dependent.

In modern times political and commercial interests are interrelated, and in the negotiation of commercial treaties, conventions and tariff agreements, the keeping open of opportunities and the proper support of American enterprises our diplomatic service is quite as important as the consular service to the business interests of the country. Impressed with this idea and convinced that selection after rigorous examination, promotion for merit solely and the experience only to be gained through the continuity of an organized service are indispensable to a high degree of efficiency in the diplomatic service, I have signed an executive order as the first step toward this very desirable result. Its effect should be to place all secretaries in the diplomatic service in much the same position as consular officers are now placed and to tend to the promotion of the most efficient to the grade of minister, generally leaving for outside appointment such posts of the grade of ambassador or minister as it may be expedient to fill from without the service. It is proposed also to continue the practice instituted last summer of giving to all newly appointed secretaries at least one month's thorough training in the department of state before they proceed to their posts. This has been done for some time in regard to the consular service with excellent results.

Under a provision of the act of Aug. 5, 1909, I have appointed three officials to assist the officers of the government in collecting information necessary to a wise administration of the tariff act of Aug. 5, 1909. As to questions of customs administration they are co-operating with the officials of the treasury department and as to matters of the needs and the exigencies of our manufacturers and exporters with the department of commerce and labor in its relation to the domestic aspect of the subject of foreign commerce. In the study of foreign tariff treatment they will assist the bureau of trade relations of the department of state. It is hoped thus to co-ordinate and bring to bear upon this most important subject all the agencies of the government which can contribute anything to its efficient handling.

As a consequence of section 2 of the tariff act of Aug. 5, 1909, it becomes the duty of the secretary of state to conduct as diplomatic business all the negotiations necessary to place him in a position to advise me as to whether or not a particular country unduly discriminates against the United States in the sense of the statute referred to. The great scope and complexity of this work, as well as the obligation to lend all proper aid to our expanding commerce, is met by the expansion of the bureau of trade relations as set forth in the estimates for the department of state.

EXPENDITURES AND REVENUES

Deficit For Current Fiscal Year \$73,075,600—Bond Issue Proposed.

I have thus in some detail described the important transactions of the state department since the beginning of this administration for the reason that there is no provision either by statute or custom for a formal report by the secretary of state to the president or to congress, and a presidential message is the only means by which the condition of our foreign relations is brought to the attention of congress and the public.

In dealing with the affairs of two other departments, the heads of which all submit annual reports, I shall touch only those matters that seem to me to call for special mention on my part without minimizing in any way the recommendations made by them for legislation affecting their respective departments, in all of which I wish to express my general concurrence.

Perhaps the most important question presented to this administration is that of economy in expenditures and sufficiency of revenue. The deficit of the last fiscal year and the certain deficit of the current year prompted congress to throw a greater responsibility on the executive and had heretofore been declared by statute. This declaration imposes upon the secretary